

2 November 1962

MEMORANDUM TO: Director of Personnel  
FROM : Chief, Audit Staff  
SUBJECT : Report of Audit of CIA Welfare Assistance  
Board, 1 June 1961 to 31 August 1962

1. Attached for your information and action is subject audit report.

2. In our audit report for the period from 26 October 1953 to 28 February 1957, we recommended that, inasmuch as the PSAS and the WAB appeared to be granting loans for the same purposes and subject to substantially the same criteria, consideration be given to eliminating the loan activities of WAB. Since PSAS now seems to have the capability of meeting the full need for hardship loans and termination of the WAB loan activity would permit the elimination of one entire set of records, we recommend that the prior decision to continue both organizations be reconsidered.

3. Please advise this office of the action taken on the recommendations in paragraph 2 above and in paragraph 4 of the attached audit report.

4. We appreciate the cooperation and assistance extended to members of our staff during the audit.

Attachment

Distribution:

Orig. - Addressee

1 - IG

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Office of the

STATINTL

# AUDIT STAFF REPORT OF AUDIT

This report presents the findings developed from an audit of activities and accounts undertaken pursuant to Audit Staff responsibilities and authorities set forth in organization regulations. The audit included review and appraisal of internal controls and procedures and such other audit processes, test checks and verification of accounts, assets and transactions as were considered appropriate and consistent with generally accepted audit standards in the circumstances.

The objectives of the audit were to determine for management whether

- (1) Adequate controls and procedures have been established and are being applied effectively to safeguard organization resources and assure that resources are used only for approved and legal purposes, and
- (2) Activities are being conducted economically, efficiently and in conformance with policy determinations and directives.

The Audit Staff will be glad to furnish such additional data as may be available to it on any matter discussed in this report and to assist in any actions on these matters.

\_\_\_\_\_  
CIA WELFARE ASSISTANCE BOARD  
\_\_\_\_\_

For the period:

From 1 June 1961

To 31 August 1962

\_\_\_\_\_  
Chief, WIL ☐ Division  
\_\_\_\_\_

25X1A

Date 2 November 1962

This report consists of 4 pages.

**REPORT OF AUDIT  
CIA Welfare Assistance Board**

**For the Period  
1 June 1961 to 31 August 1962**

**GENERAL**

1. During the 15 month audit period, the CIA Welfare Assistance Board (WAB) received GSI contributions and other income of \$1,299.91, made 38 new loans totaling \$4,250.32, and expended a total of \$2,292.73 for recreation activities. Twenty-two loans were outstanding at 31 August 1962 with aggregate balances of \$1,459.28. The net worth of WAB decreased from \$7,405.10 on 1 June 1961 to \$6,304.04 on 31 August 1962. Further financial details are shown in Exhibit A - Balance Sheet and Exhibit B - Statement of Income and Expense.

2. The audit did not include a direct confirmation of loans outstanding, however, this matter is being considered by WAB officials. If authorized by WAB, the confirmation will be conducted in the near future, and the results will be covered by a separate memorandum.

3. Our audit of the grant of \$1,323.69 made in July 1962 to the 25th Hour Recreation Association was limited to a verification that the funds were received by the Association.

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

4. Generally, WAB activities were administered efficiently, and financial records were satisfactorily maintained. Stronger measures should be adopted, however, to obtain repayment of delinquent loans. Also, documentation or information in loan files does not, in some instances, evidence the criteria necessary to obtain such loans. Recommendations resulting from our audit are summarized below and detailed in the following paragraphs:

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- a. Take appropriate action to obtain repayment of delinquent loans, and document changes in repayment agreements. (Paragraph 5)
- b. Support future loans with documentation or information evidencing the urgency of the loan and the inability of the borrower to obtain credit from normal sources. (Paragraph 6)

#### DETAIL COMMENTS

##### Loan Accounts in Delinquent Status

5. The audit disclosed that 18 of the 22 loans outstanding at 31 August 1962 were in a delinquent status. Of these, 9 were delinquent for periods ranging from 12 to 54 months. We were told, however, that some of these loans were not actually delinquent because the repayment agreements had been extended orally. In some cases responsible officials have followed up on the delinquencies with written requests for repayment, but have received little or no response. We recommend that appropriate action be taken to obtain repayment of delinquent loans and to document changes in repayment agreements.

##### Loan Documentation Incomplete

6. Loan files, in some instances, do not contain documentation or information evidencing the criteria necessary to obtain such loans, i.e., unexpected hardship, urgency, and inability to obtain loans from normal sources. Such documentation or information is desirable for adequate management and accounting control and we recommend it be accomplished in the future.

##### Loss of GSI Donations

7. GSI donations to WAB declined sharply in the latter part of the audit period because GSI was not formally notified of the transfer of its facilities to the new Headquarters building. We were told this action has now been taken.

Exhibit A

CIA WELFARE ASSISTANCE BOARD

Balance Sheet  
31 August 1962

Assets

Cash on hand.....		\$ 286.76
Cash on deposit:		
Northwest Federal Credit Union.....	\$2,377.87	
Washington Permanent Savings & Loan Association.....	<u>2,180.13</u>	4,558.00
Loans receivable.....		<u>1,459.28</u>
Total assets.....		<u>\$6,304.04</u>

Net Worth

Welfare fund balance, 1 June 1961.....	\$7,405.10	
Deduct: Excess of expense over income, 1 June 1961-31 August 1962 (Exhibit B).....	<u>(1,101.06)</u>	
Welfare fund balance, 31 August 1962.....		<u>\$6,304.04</u>
Total net worth.....		<u>\$6,304.04</u>

Exhibit B

CIA WELFARE ASSISTANCE BOARD

Statement of Income and Expense  
1 June 1961 - 31 August 1962

Income

Donations from General Services, Inc. ....	\$ 871.11
Franchise fees.....	318.00
Interest dividends.....	105.80
Miscellaneous.....	<u>5.00</u>
Total income.....	\$1,299.91

Expenses

Grant to Recreation Association.....	\$1,323.69	
Other recreation expenses:		
Franchise fees		
Soft ball - men's.....	\$393.00	
Soft ball - girls'.....	81.00	
Basket ball - men's.....	270.00	
Basket ball - girls'.....	40.00	
Touch football.....	<u>14.00</u>	798.00
Trophies and engraving:		
Soft ball - men's.....	88.70	
Golf - Class A.....	35.00	
Golf - Class B.....	20.00	
Tennis.....	15.49	
Basket ball.....	<u>11.85</u>	171.04
		\$2,292.73
Uncollectible loan charged off.....		100.00
Receipt books.....		<u>8.24</u>
Total expenses.....		\$2,400.97
Excess of expense over income.....		<u>(\$1,101.06)</u>